

1 BILL NO. S-82-08-02

2 SPECIAL ORDINANCE NO. S- 130-82

3 AN ORDINANCE approving the City of
4 Fort Wayne, Indiana's participation
5 in the purchase of International
6 Harvester Company's Scout Plant,
7 contingent upon an Agreement by
8 International Harvester Company to
9 retain its operations locally.

10 WHEREAS, the economic condition of the Fort Wayne,
11 Allen County, Indiana, area is in a distressed state; and

12 WHEREAS, the largest employer in the area is the
13 International Harvester Company; and

14 WHEREAS, the City of Fort Wayne, Indiana and Allen
15 County, Indiana have together participated in negotiations
16 with International Harvester Company to assist International
17 Harvester Company so as to allow International Harvester Company
18 to retain operations in this area; and

19 WHEREAS, the International Harvester Company has
20 announced its intention to close one of its Truck Production
21 Plants and if the Fort Wayne operations are closed, the effects
22 of same would be economically catastrophic to not only the
23 employees of International Harvester Company but also to the
24 community in general; and

25 WHEREAS, a decision by International Harvester Company
26 to retain its local operations could amount to approximately an
27 additional two thousand jobs to the Fort Wayne, Allen County
28 area; and

29 WHEREAS, International Harvester Company's decision
30 to close one of its Truck Production Plants will be made within
31 approximately a ten (10) day period, and accordingly, any and
32 all financial commitments with respect to International Harvester
Company must be finalized within a one (1) week period of time;
and

1 Page Two

2
3 WHEREAS, this Common Council has previously given
4 authority to the City of Fort Wayne to participate financially
5 in efforts to retain International Harvester Company's operations
6 in this community, said authority and approval being given in
7 two separate Ordinances, to-wit: Bill No. S-82-06-15 and
8 Bill No. S-82-06-31; and

9 WHEREAS, due to legal difficulties and limitations
10 that have confronted Allen County and the State of Indiana, and
11 due to the increased severity of the situation involving Inter-
12 national Harvester Company and in a further and last effort
13 to assist the International Harvester Company to retain its
14 operations locally, it is necessary for the City of Fort Wayne
15 to restructure its financial participations; and

16 WHEREAS, it is the hope of all parties that such
17 financial participations facilitate a decision by the Inter-
18 national Harvester Company to remain in this community; and

19 WHEREAS, the possible areas of the City of Fort Wayne's
20 participation at this time involve the International Harvester
21 Company's Scout Plant and Parts Distribution Center; and

22 WHEREAS, this Ordinance deals with the City of Fort
23 Wayne's participation with respect to International Harvester
24 Company's Scout Plant; and

25 WHEREAS, all commitments made herein shall not be
26 effective and shall be subject to the City of Fort Wayne receiving
27 from International Harvester Company a written agreement con-
28 taining, among other things, International Harvester Company's
29 promise to retain its operations locally.

30 NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL
31 OF THE CITY OF FORT WAYNE, INDIANA:

32 SECTION 1. That since the City of Fort Wayne is

Page Three

restructuring its financial commitment as previously extended to International Harvester Company in Bill No. S-82-06-15 and Bill No. S-82-06-31, said Ordinances are hereby amended and are replaced with this Ordinance.

SECTION 2. That the City of Fort Wayne in conjunction with Allen County, or the Allen County Redevelopment Commission, as determined by Allen County, proposes to purchase International Harvester Company's Scout Plant and related personal property for a total purchase price of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00). The City of Fort Wayne and Allen County would then in turn lease the Scout Plant back to International Harvester Company for a ten (10) year term. Such a transaction would provide the needed cash to International Harvester Company's local operations. The \$3,500,000.00 purchase price would be paid from a Two Million One Hundred Thousand and No/100 Dollars (\$2,100,000.00) Allen County Redevelopment Commission General Obligation Bond and One Million Four Hundred Thousand and No/100 Dollars (\$1,400,000.00) by the City of Fort Wayne from the City Light Lease.

The Lease by and between the City of Fort Wayne and Allen County, as Lessor, and International Harvester Company, as Lessee, would be for a ten (10) year term with no rental payments being made by International Harvester Company for the first two (2) years and for the remaining eight (8) years International Harvester Company would pay an annual rental of Four Hundred Thirty-Seven Thousand Five Hundred and No/100 Dollars (\$437,500.00).

In order to facilitate payment of Allen County's portion of the purchase price (\$2,100,000.00) it will be necessary for the Allen County Redevelopment Commission to issue a General

1 Page Four

2
3 Obligation Bond. Procedures for said Bond Sale will take
4 approximately sixty to ninety (60 - 90) days, however, the
5 purchase of the Scout Plant must close as soon as is possible.
6 Accordingly, it is necessary for the City of Fort Wayne to loan
7 to Allen County Two Million Two Hundred Thousand and No/100
8 Dollars (\$2,200,000.00) (the additional One Hundred Thousand and
9 No/100 Dollars [\$100,000.00] over Allen County's portion of the
10 purchase price will be used to offset interest charges) so that
11 the total purchase price of \$3,500,000.00 is paid to International
12 Harvester Company at the time of closing. Allen County will
13 repay to the City of Fort Wayne the \$2,200,000.00 upon the sale
14 and closing of the Allen County Redevelopment Commission's Bond
15 or within a period of one hundred twenty (120) days from the
16 purchase date of the Scout Plant, whichever shall first occur.

17 In order to accomplish this loan to Allen County of
18 \$2,200,000.00 and to fund the City of Fort Wayne's portion of the
19 purchase price and to alleviate any cash flow problems for
20 utilities, it is necessary for the City of Fort Wayne to borrow
21 Three Million Seven Hundred Thousand and No/100 Dollars
22 (\$3,700,000.00) from a consortium of Fort Wayne banks. Said
23 \$3,700,000.00 will be used to fund the \$3,500,000.00 purchase
24 price, as aforescribed, and the additional Two Hundred Thousand
25 and No/100 Dollars (\$200,000.00) shall be used to pay interest
26 costs. This \$3,700,000.00 borrowing of the City of Fort Wayne
27 shall be repaid from the \$2,200,000.00 repayment from Allen
28 County to the City of Fort Wayne as described above and the
29 remaining One Million Five Hundred Thousand and No/100 Dollars
30 (\$1,500,000.00) from a Revenue Bond issued by the City of Fort
31 Wayne against excess and future Light Lease revenues.

32 SECTION 3. That authority is hereby given to the

1 Page Five

2
3 City of Fort Wayne as follows:

- 4 A. to execute the proposed Interlocal Cooperation
5 Agreement with Allen County, said Agreement
6 providing for the purchase of the Scout Plant and
7 the leasing of same. Said Interlocal Cooperation
8 Agreement is attached hereto as a part hereof as
9 Exhibit "A" and is approved in all respects.
- 10 B. approval is hereby given to the City of Fort
11 Wayne to borrow \$3,700,000.00 from a consortium
12 of Fort Wayne banks and in that regard the attached
13 banking Letter of Understanding between the City
14 of Fort Wayne and a consortium of Fort Wayne banks
15 as Exhibit "B" is hereby approved in all respects.
16 In addition, the City of Fort Wayne is further
17 given approval to sign any promissory notes and
18 any bank agreements with respect to the borrowing
19 of the \$3,700,000.00, as herein referred to.
- 20 C. the City of Fort Wayne is hereby given approval
21 to loan to Allen County the sum of \$2,200,000.00
22 (from the \$3,700,000.00 as borrowed under Subsection
23 "B" above).


24 SECTION 4. Notwithstanding anything herein to the
25 contrary, the commitments herein made and the authority herein
26 given is subject and contingent upon International Harvester
27 Company's agreeing, in writing, to retain its operations locally
28 and to further commit to general covenants and agreements as
29 contained in the Offer of Assistance document, which is attached
30 hereto as a part hereof as Exhibit "C".

31 SECTION 5. If any section, clause, sentence, paragraph,
32

1 Page Six

2
3 part or provision of this Ordinance shall be held invalid, it
4 shall be conclusively presumed that this Ordinance would have
5 been passed by the Common Council without such invalid section,
6 clause, sentence, paragraph, part or provision.

7 SECTION 6. That this Ordinance shall be in full force
8 and effect from and after its passage and any and all necessary
9 approval by the Mayor.

10 
11 _____
12 Councilmember

13 APPROVED AS TO FORM
14 AND LEGALITY

15 
16 _____
17 Bruce O. Boxberger, City Attorney
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

Read the first time in full and on motion by _____,
seconded by _____, and duly adopted, read the second time
by title and referred to the Committee _____ (and the City
Plan Commission for recommendation) and Public Hearing to be held after
due legal notice, at the Council Chambers, City-County Building, Fort Wayne,
Indiana, on _____, the _____ day of
_____, 19____, at _____ o'clock _____ M., E.S.T.

DATE: _____

CHARLES W. WESTERMAN - CITY CLERK

Read the third time in full and on motion by _____,
seconded by _____, and duly adopted, placed on its
passage. PASSED (LOST) by the following vote:

	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAINED</u>	<u>ABSENT</u>	<u>TO-WIT:</u>
<u>TOTAL VOTES</u>	<u>7</u>	_____	_____	<u>2</u>	_____
<u>BRADBURY</u>	<u>X</u>	_____	_____	_____	_____
<u>BURNS</u>	<u>X</u>	_____	_____	_____	_____
<u>EISBART</u>	<u>X</u>	_____	_____	_____	_____
<u>GIAQUINTA</u>	<u>X</u>	_____	_____	_____	_____
<u>NUCKOLS</u>	_____	_____	_____	<u>X</u>	_____
<u>SCHMIDT</u>	_____	_____	_____	<u>X</u>	_____
<u>SCHOMBURG</u>	<u>X</u>	_____	_____	_____	_____
<u>STIER</u>	<u>X</u>	_____	_____	_____	_____
<u>TALARICO</u>	<u>X</u>	_____	_____	_____	_____

DATE: 8-3-82

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne,
Indiana, as ~~(ZONING MAP)~~ (GENERAL) ~~(ANNEXATION)~~ (SPECIAL)

(APPROPRIATION) ORDINANCE (RESOLUTION) NO. S-130-82

on the 3rd day of August, 1982.

ATTEST:

(SEAL)

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Samuel J. Talarico
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on
the 4th day of August, 1982, at the hour of
10:30 o'clock A. M., E.S.T.

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 4th day of August
1982, at the hour of 11:30 o'clock A. M., E.S.T.

Win Moses, Jr.
WIN MOSES, JR. - MAYOR

BILL NO. S-82-08-02

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON Finance TO WHOM WAS REFERRED AN
ORDINANCE approving the city of Fort Wayne, Indiana's
participation in the purchase of International Harvester Company's
Scout Plant, contingent upon an Agreement by International
Harvester Company to retain its operations locally

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT
BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE DO PASS.

MARK E. GIAQUINTA - CHAIRMAN

PAUL M. BURNS - VICE CHAIRMAN

JAMES S. STIER

SAMUEL J. TALARICO
JOHN NUCKOLS

DONALD J. SCHMIDT

Eisbort

Bradbury

Schomburg

Janet H. Braddock
Rep. Schomburg

Samuel J. Talarico

Rep. A. R. V.

City of Fort Wayne

Proposed International Harvester Financing

August 3, 1982

1. <u>Funds and Guarantees at Closing</u>	<u>\$13,200,000</u>	<u>Explanation</u>
Temporary Escrow	4,500,000	City Electric Utility
Bank Loan to City - 90 days @ 11%	6,700,000	Cash Paid Out
State of Indiana	<u>2,000,000</u>	State of Indiana Guarantee
	<u>13,200,000</u>	
2. <u>Disposition of Funds and Guarantees</u>		
Purchase/Lease - Scout Plant	3,500,000	International Harvester
Purchase/Lease - Parts Dist. Center	9,000,000	International Harvester
Prepaid Interest Reserve	<u>700,000</u>	City - 100,000, County - 100,000, Probst - 500,000
	<u>13,200,000</u>	
3. <u>Refinancing of Temporary Loan to City</u>		
County Bond Proceeds	2,200,000	County Redevelopment Bonds
City Bond Proceeds	<u>4,500,000</u>	Electric Utility Revenue Bonds, 10 years @ 12%
	<u>6,700,000</u>	
4. <u>Disposition of City Funds</u>		
Internal Escrow Fund - Loan Guarantee	7,500,000	PDC Guarantee
- Interest Reserve	100,000	Scout Plant Guarantee
Cash Paid on Scout Plant	<u>1,400,000</u>	
	<u>9,000,000</u>	

5. City's Position after Closing and Financing (90 days hence)

Cash and Internal Receivables	3,800,000
Bond Proceeds	<u>4,500,000</u>
	8,300,000
Internal Escrow Account - Principal and Interest	<u>7,600,000</u>
Unrestricted Cash	<u><u>700,000</u></u>

6. City's Position in 1992 (barring Default)

Cash Available from Internal Escrow	7,600,000
Cash from Scout Plant Lease	<u>1,400,000</u>
Funds Returned to Unrestricted Use	<u><u>9,000,000</u></u>

7. Other Information

- A. Interest on Internal Escrow Fund is earned by City and will be sufficient to pay interest on revenue bonds.
- B. In the event of default the City will have loss exposure commencing at \$7,500,000 less Scout value of property sold in the first month declining as rental installments are paid by International Harvester to full liquidation of lease at 120th month.
- C. Payments on principal of the electric revenue bonds will encumber approximately \$450,000 per annum of Electric Utility revenues. Net revenues available for Trust fund payments and unrestricted payments was approximately \$1,200,000 in 1981.